

**TOWN OF ALTA  
ALTA, UTAH  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
AND  
FINANCIAL STATEMENTS  
WITH  
STATE OF UTAH LEGAL COMPLIANCE  
FOR LOCAL GOVERNMENTS  
AND  
GOVERNMENT AUDITING STANDARDS REPORTS  
June 30, 2005**

**HANSEN, BARNETT & MAXWELL**  
A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

**TOWN OF ALTA**  
**Alta, Utah**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Report of Independent Certified Public Accountants	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	13
Statement of Activities	14
Governmental Fund Financial Statements	
Balance Sheet	15
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	16
Statement of Revenues, Expenditures and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Fund to the Statement of Activities	18
Proprietary Fund Financial Statements	
Statement of Net Assets	19
Statement of Revenues, Expenses, and Changes in Fund Net Assets	20
Statement of Cash Flows	21
Notes to the Financial Statements	23
Required Supplementary Information	
Budgetary Comparison—General Fund	34

**TABLE OF CONTENTS**  
**(Continued)**

	<b>Page</b>
Supplementary Information	
Supplemental Schedule to Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund	35
Compliance and Internal Control	
Report of Independent Auditors on Compliance with State of Utah Legal Requirements Applicable to Audits of Local Governments in Utah	38
Schedule of Findings	40
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	41

# HANSEN, BARNETT & MAXWELL

A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

5 Triad Center, Suite 750  
Salt Lake City, UT 84180-1128  
Phone: (801) 532-2200  
Fax: (801) 532-7944  
www.hbmcpas.com

Registered with the Public Company  
Accounting Oversight Board



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Mayor  
and Town Council  
Town of Alta  
Alta, Utah

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Town of Alta, Utah (the "Town") as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Alta's management. Our responsibility is to express an opinion on these financial statements based on our audit.

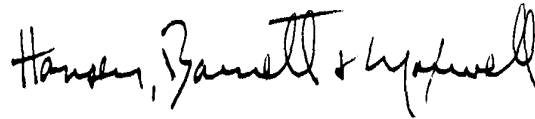
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Alta, Utah as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2005 on our consideration of the Town of Alta's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 12 and page 34 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Alta's basic financial statements. The Supplemental Schedule of Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Supplemental Schedule to Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Hansen, Barnett & Maxwell". The signature is written in a cursive, flowing style.

**HANSEN, BARNETT & MAXWELL**

Salt Lake City, Utah  
December 19, 2005

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Town of Alta's  
Management Discussion and Analysis  
Fiscal Year Ending June 30, 2005**

As management of the Town of Alta, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2005.

**History and Background of Government**

The Town of Alta was incorporated in August of 1970 as a political subdivision of the State of Utah. It is a small mountain community where summer and winter recreation offer alpine beauty and some of the best powder skiing in the United States. The Town operates under a Mayor/Council form of government. Town's legislative body consists of the Mayor and four Council members holding staggered terms of four years each.

The Town of Alta operated during this fiscal year with a general fund budget of \$1,288,018. A majority of its operating revenue is generated from sales tax and property tax. Other types of revenue include Class C Road funds, State Liquor Funds, State Grants, business, liquor and animal licenses and building permit fees to name a few. The Town provides the following services within the community: administrative, planning and zoning, police services and fire protection under contract, recycling, parks and summer booth, building inspection, judicial court, contract Post Office, library and community center, street improvements and community and economic development. The Town also operates a fully approved sewer department and culinary water system.

**Financial Highlights**

During the course of the fiscal year ending June 30, 2005, the Town of Alta saw some changes in its operating income mainly due to its ability to secure Homeland Security Grant Funds through the State Government. With those funds, the Town of Alta was able to secure much needed equipment to be used in emergency response, emergency management, and critical infrastructure hardening. These funds increased the Town's operating revenue by \$121,408.

In 2003, after a series of public hearings, the Town Council voted to hold an election to obtain voter approval to increase the resort communities sales tax by 0.5% to establish a new Town department with the goal of overseeing economic development in the community. The voters approved the increase, which went into effect on July 1, 2004. The Town realized a 43% increase in sales tax revenue due to a combination of this additional 0.5% resort communities sales tax and a favorable winter ski season.

The Town continues to be involved in numerous and voluminous records requests. These requests have resulted in lawsuits and have required the hiring of outside counsel. These requests have added a considerable burden on Town staff and have also resulted in increased overtime payroll expenses to comply with these requests.

**Overview of the Financial Statements**

The Management Discussion and Analysis is intended to serve as an introduction to the Town's basic financial statements.

In addition to the Management's Discussion and Analysis, the report consists of government-wide financial statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the Town's finances.

**Government-wide financial statements.** The government-wide financial statements were a new component of the Town's report beginning at the 2004 fiscal year end. These statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to private-sector business reporting.

The *statement of net assets*, a component of the government-wide financial statements, presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. The Town's capital assets (buildings and other improvements, machinery and equipment, and automobiles) are included in this statement and reported net of their accumulated depreciation. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. In evaluating the government's overall condition, however, additional non-financial factors should be considered such as the Town's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure.

The *statement of activities* presents revenue and expense information showing how the Town's net assets changed during the fiscal year. To understand the basis of how these numbers are determined, it is important to note that changes in net assets are reported whenever an event occurs that requires a revenue or expense to be recognized, regardless of when the related cash is received or disbursed (the accrual basis of accounting). For example, tax revenues are reported when the taxes are legally due, even though they may not be collected for some time after that date; and an obligation to pay a supplier is reported as an expense when the goods or services are received, even though the bill may not be paid until some time later.

The government-wide financial statements distinguish functions of the Town that are principally supported by intergovernmental revenues and taxes (governmental activities) from other functions that are designed to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include the following: legislative, municipal building, judicial court, administration, non-departmental, planning and zoning, police department, building inspection, streets, recycling, parks, library and community center, community development, and homeland security. Business-type activities include the water department and the sewer department.

The government-wide financial statements can be found on pages 13 and 14 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts (revenues, expenses, assets and liabilities) that is used to control resources that have been segregated for specific activities. The Town of Alta, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds utilized by the Town can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, for accounting and reporting purposes, governmental fund numbers are determined with a different approach. At the fund level, the focus is on changes in short-term spendable resources and the balance available to spend, rather than the long-term focus used for determining government-wide numbers. Because the focus is so different between fund statements and government-wide statements, reconciliation between the two types is necessary to understand how the numbers differ. Such reconciliations are provided on pages 16 and 18 of this report.

The General Fund is the primary operating governmental fund of the Town. To demonstrate legal compliance, a statement comparing budgeted numbers to actual numbers for the General Fund is included in the financial statements.

**Proprietary Funds.** The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses



enterprise funds to account for the operation of the water and sewer operations.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 23 of this report.

**Other information.** Supplemental information can be found starting on page 34 of this report.

### **Government-wide Financial Analysis**

The tables provided hereafter show net assets, changes in net assets, and capital assets for the year ended June 30, 2005 (the 2005 fiscal year). Data for the year ended June 30, 2004 (the 2004 fiscal year) is also provided for comparative purposes. The Town's net assets, may serve over time, as a useful indicator of a local government's financial position. In the case of the Town, assets exceeded liabilities by \$2,737,857 at June 30, 2005. Assets exceeded liabilities by \$2,479,936 at June 30, 2004.

By far the largest portion of the Town's net assets (59% in the 2005 fiscal year and 65% in the 2004 fiscal year) reflects its investment in capital assets (e.g. buildings, machinery, equipment, and related improvements), less any related debt and accumulated depreciation. The Town uses these capital assets to house the operations of the Town such as administration, public safety, community center/library and culinary water system departments. Other assets include water and sewer transmission lines and vehicles necessary for the daily operation of various departments; consequently, these assets are not available for future spending.

The following table describes the Town's net assets as of June 30, 2005:

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 1,123,032	\$ 296,937	\$ 1,419,969
Capital assets	<u>728,022</u>	<u>1,041,273</u>	<u>1,769,295</u>
Total assets	1,851,054	1,338,210	3,189,264
Long-term liabilities outstanding	26,387	144,000	170,387
Other liabilities	<u>268,153</u>	<u>12,867</u>	<u>281,020</u>
Total liabilities	294,540	156,867	451,407
Net Assets:			
Invested in property and equipment, net of related debt and accumulated depreciation	728,022	885,273	1,613,295
Restricted for:			
Roads	49,367	-	49,367
Parks	18,243	-	18,243
Unrestricted	<u>760,882</u>	<u>296,070</u>	<u>1,056,952</u>
Total net assets	<u>\$ 1,556,514</u>	<u>\$ 1,181,343</u>	<u>\$ 2,737,857</u>

The following table describes the Town's net assets as of June 30, 2004:

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 915,235	\$ 251,577	\$ 1,166,812
Capital assets	<u>721,589</u>	<u>1,060,780</u>	<u>1,782,369</u>
Total assets	1,636,824	1,312,357	2,949,181
Long-term liabilities outstanding	25,180	157,000	182,180
Other liabilities	<u>267,652</u>	<u>19,413</u>	<u>287,065</u>
Total liabilities	292,832	176,413	469,245
Net Assets:			
Invested in property and equipment, net of related debt and accumulated depreciation	713,579	892,780	1,606,359
Restricted for:			
Roads	49,435	-	49,435
Parks	32,225	-	32,225
Unrestricted	<u>548,753</u>	<u>243,164</u>	<u>791,917</u>
Total net assets	<u>\$ 1,343,992</u>	<u>\$ 1,135,944</u>	<u>\$ 2,479,936</u>

At the end of the current year, the Town is able to report positive balances in all categories of net assets.

The Town's net assets increased by \$257,922 during the 2005 fiscal year and by \$4,904 in the 2004 fiscal year. This current increase from the prior year is reflected by a 43% increase in sales tax revenues due to both the 0.5% increase in the resort communities sales tax and the unusually favorable winter ski season, which resulted in every business showing an increase in sales over the previous year.

Key elements of the increase in net assets for the 2005 fiscal year are as follows:

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program Revenues:			
Charges for services	\$ 106,902	\$ 176,054	\$ 282,956
Operating grants and contributions	113,988	5,556	119,544
Capital grants and contributions	121,408	22	121,430
General Revenues:			
Property taxes	242,848	-	242,848
General sales and use tax	849,498	-	849,498
Energy sales and use tax	35,645	-	35,645
Telephone use tax	9,846	-	9,846
Investment earnings	7,169	9,195	16,364
Total revenues	<u>1,487,304</u>	<u>190,827</u>	<u>1,678,131</u>
Expenses:			
Legislative	3,675	-	3,675
Municipal building	24,585	-	24,585
Economic development	94,142	-	94,142
Judicial court	9,115	-	9,115
Administration	305,981	-	305,981
Non-departmental	17,938	-	17,938
Planning and zoning	43,216	-	43,216
Police department	492,563	-	492,563
Post Office	22,739	-	22,739
Fire department	106,249	-	106,249
Building inspection	29,324	-	29,324
Streets	4,957	-	4,957
Recycling	15,535	-	15,535
Parks	16,758	-	16,758
Library and community center	7,470	-	7,470
Community development	15,449	-	15,449
Homeland security	65,085	-	65,085
Water	-	85,689	85,689
Sewer	-	59,739	59,739
Total expenses	<u>1,274,781</u>	<u>145,428</u>	<u>1,420,209</u>
Change in net assets	212,523	45,399	257,922
Net assets – beginning	<u>1,343,991</u>	<u>1,135,944</u>	<u>2,479,935</u>
Fund equity – ending	<u>\$ 1,556,514</u>	<u>\$ 1,181,343</u>	<u>\$ 2,737,857</u>

Key elements of the increase in net assets for the 2004 fiscal year are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 64,348	\$ 152,192	\$ 216,540
Operating grants and contributions	106,995	19,040	126,035
Capital grants and contributions	126,561	48,975	175,536
General Revenues:			
Property taxes	218,759	-	218,759
General sales and use tax	593,350	-	593,350
Energy sales and use tax	30,837	-	30,837
Telephone use tax	5,312	-	5,312
Investment earnings	<u>5,618</u>	<u>4,426</u>	<u>10,044</u>
Total revenues	<u>1,151,780</u>	<u>224,633</u>	<u>1,376,413</u>
Expenses:			
Legislative	5,913	-	5,913
Municipal building	23,238	-	23,238
Judicial court	5,904	-	5,904
Administration	314,468	-	314,468
Non-departmental	27,628	-	27,628
Planning and zoning	26,621	-	26,621
Police department	465,516	-	465,516
Post Office	23,981	-	23,981
First department	111,463	-	111,463
Building inspection	22,602	-	22,602
Streets	9,658	-	9,658
Recycling	15,645	-	15,645
Parks	16,919	-	16,919
Library and community center	6,844	-	6,844
Community development	34,439	-	34,439
Homeland security	51,252	-	51,252
Water	-	151,189	151,189
Sewer	<u>-</u>	<u>58,229</u>	<u>58,229</u>
Total expenses	<u>1,162,091</u>	<u>209,418</u>	<u>1,371,509</u>
Change in net assets	(10,311)	15,215	4,904
Net assets – beginning	<u>1,354,303</u>	<u>1,120,729</u>	<u>2,475,032</u>
Fund equity – ending	<u>\$ 1,343,992</u>	<u>\$ 1,135,944</u>	<u>\$ 2,479,936</u>

### **Budgetary Highlights**

In June of 2005 as part of its regular budgetary hearing, the Town Council amended the expenditure side of the budget in the following departments: administrative, court, municipal building, non-departmental, police department, planning and zoning, economic development, post office, building inspection, streets, recycling, library/community center, fire department, community development and homeland security. The majority of the increased expenditures were due to a homeland security grant secured from state grants management by the State

Department of Emergency Services and Homeland Security. These funds were spent to purchase equipment primarily used by the police, administrative and water departments. Other changes in expenditures can be attributed to the hiring of outside legal counsel, the hiring of additional part time staff, and start up costs associated with the Town's new economic development department, which was formalized in July of 2004.

## Capital Assets

The Town's investment in capital assets, net of accumulated depreciation, amounted to \$1,769,295 as of June 30, 2005 and \$1,782,369 as of June 30, 2004. This investment includes buildings and related improvements, machinery and equipment, autos and trucks, and municipal utility distribution systems. Major property and equipment events during the 2005 fiscal year included purchases of homeland security equipment.

### Town's Capital Assets (net of depreciation)

For the 2005 fiscal year:

	<b>Balance June 30, 2004</b>	<b>Additions</b>	<b>Transfers or Deletions</b>	<b>Balance June 30, 2005</b>
<b>Governmental activities</b>				
Capital assets being depreciated				
Buildings and other improvements	\$ 925,135	\$ 5,529	\$ (20,281)	\$ 910,383
Machinery and equipment	214,621	72,489	(19,107)	268,003
Autos and trucks	228,513	9,927	-	238,440
Total capital assets being depreciated	<u>1,368,269</u>	<u>87,945</u>	<u>(39,388)</u>	<u>1,416,826</u>
Less accumulated depreciation for:				
Buildings and other improvements	(377,610)	(27,017)	20,281	\$ (384,346)
Machinery and equipment	(97,054)	(30,956)	19,107	(108,903)
Autos and trucks	(172,016)	(23,539)	-	(195,555)
Total accumulated depreciation	<u>(646,680)</u>	<u>(81,512)</u>	<u>39,388</u>	<u>(688,804)</u>
Governmental activities capital assets, net	<u>\$ 721,589</u>	<u>\$ 6,433</u>	<u>\$ -</u>	<u>\$ 728,022</u>

	<b>Balance June 30, 2004</b>	<b>Additions</b>	<b>Transfers or Deletions</b>	<b>Balance June 30, 2005</b>
<b>Business-type activities</b>				
Capital assets being depreciated				
Autos and trucks	\$ 20,824	\$ -	\$ -	\$ 20,824
Other machinery and equipment	-	21,370	-	21,370
Water system	1,095,860	6,399	-	1,102,259
Sewer system	703,772	-	-	703,772
Total capital assets being depreciated	<u>1,820,456</u>	<u>27,769</u>	<u>-</u>	<u>1,848,225</u>
Less accumulated depreciation for:				
Autos and trucks	(20,825)	-	-	(20,825)
Other machinery and equipment	-	(2,849)	-	(2,849)
Water system	(398,238)	(28,216)	-	(426,454)
Sewer system	(340,613)	(16,211)	-	(356,824)
Total accumulated depreciation	<u>(759,676)</u>	<u>(47,276)</u>	<u>-</u>	<u>(806,952)</u>
Business-type activities capital assets, net	<u>\$ 1,060,780</u>	<u>\$ (19,507)</u>	<u>\$ -</u>	<u>\$ 1,041,273</u>

For the 2004 fiscal year:

	<b>Balance June 30, 2003</b>	<b>Additions</b>	<b>Transfers or Deletions</b>	<b>Balance June 30, 2004</b>
<b>Governmental activities</b>				
Capital assets being depreciated				
Machinery and equipment	\$ 147,729	\$ 66,892	\$ -	\$ 214,621
Autos and trucks	289,975	-	(61,462)	228,513
Buildings and other improvements	947,828	-	(22,693)	925,135
Total capital assets being depreciated	<u>1,385,532</u>	<u>66,892</u>	<u>(84,155)</u>	<u>1,368,269</u>
Less accumulated depreciation for:				
Machinery and equipment	(80,657)	(16,397)	-	(97,054)
Autos and trucks	(173,841)	(29,480)	31,305	(172,016)
Buildings and other improvements	(373,286)	(27,017)	22,693	(377,610)
Total accumulated depreciation	<u>(627,784)</u>	<u>(72,894)</u>	<u>53,998</u>	<u>(646,680)</u>
Governmental activities capital assets, net	<u>\$ 757,748</u>	<u>\$ (6,002)</u>	<u>\$ (30,157)</u>	<u>\$ 721,589</u>

	<b>Balance June 30, 2003</b>	<b>Additions</b>	<b>Transfers or Deletions</b>	<b>Balance June 30, 2004</b>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Construction in progress	\$ 12,778	\$ -	\$ (12,778)	\$ -
Total capital assets not being depreciated	<u>12,778</u>	<u>-</u>	<u>(12,778)</u>	<u>-</u>
Capital assets being depreciated				
Autos and trucks	20,824	-	-	20,824
Water system	1,056,858	50,032	(11,030)	1,095,860
Sewer system	<u>703,772</u>	<u>-</u>	<u>-</u>	<u>703,772</u>
Total capital assets being depreciated	<u>1,781,454</u>	<u>50,032</u>	<u>(11,030)</u>	<u>1,820,456</u>
Less accumulated depreciation for:				
Autos and trucks	(17,354)	(3,471)	-	(20,825)
Water system	(373,685)	(27,678)	3,125	(398,238)
Sewer system	<u>(324,403)</u>	<u>(16,210)</u>	<u>-</u>	<u>(340,613)</u>
Total accumulated depreciation	<u>(715,442)</u>	<u>(47,359)</u>	<u>3,125</u>	<u>(759,676)</u>
Business-type activities capital assets, net	<u>\$ 1,078,790</u>	<u>\$ 2,673</u>	<u>\$ (20,683)</u>	<u>\$ 1,060,780</u>

### Long-term debt

At June 30, 2005, the Town had \$26,387 in long-term debt for governmental activities and \$156,000 for business-type activities. At June 30, 2004, the Town had \$33,190 in long-term debt for governmental activities and \$168,000 for business-typed activities. Debt consists of post employment benefits and water revenue bonds. The following tables illustrate debt activity over the past two years.

For the 2005 fiscal year:

	<b>Balance June 30, 2004</b>	<b>New Debt</b>	<b>Retirements</b>	<b>Balance June 30, 2005</b>	<b>Due Within One Year</b>
<b>Governmental activities</b>					
Post employment benefits	\$ 25,180	\$ 1,207	\$ -	\$ 26,387	\$ -
Capital leases payable	<u>8,010</u>	<u>-</u>	<u>(8,010)</u>	<u>-</u>	<u>-</u>
<b>Total governmental activities</b>	<u>33,190</u>	<u>1,207</u>	<u>(8,010)</u>	<u>26,387</u>	<u>-</u>
<b>Business-type activities</b>					
Water Revenue Bonds, Series 1995	<u>168,000</u>	<u>-</u>	<u>(12,000)</u>	<u>156,000</u>	<u>12,000</u>
<b>Total obligations</b>	<u>\$ 201,190</u>	<u>\$ 1,207</u>	<u>\$ (20,010)</u>	<u>\$ 182,387</u>	<u>\$ 12,000</u>

For the 2004 fiscal year:

	<b>Balance June 30, 2003</b>	<b>New Debt</b>	<b>Retirements</b>	<b>Balance June 30, 2004</b>	<b>Due Within One Year</b>
<b>Governmental activities</b>					
Post Employment Benefits	\$ 24,487	\$ 693	\$ -	\$ 25,180	-
Capital leases payable	<u>23,070</u>		<u>(15,060)</u>	<u>8,010</u>	<u>8,010</u>
<b>Total governmental activities</b>	<u>47,557</u>	<u>693</u>	<u>(15,060)</u>	<u>33,190</u>	<u>8,010</u>
<b>Business-type activities</b>					
Water Revenue Bonds, Series 1995	<u>179,000</u>	<u>-</u>	<u>(11,000)</u>	<u>168,000</u>	<u>11,000</u>
<b>Total governmental activities</b>	<u>179,000</u>	<u>-</u>	<u>(11,000)</u>	<u>168,000</u>	<u>11,000</u>
<b>Total Obligations</b>	<u>\$ 226,557</u>	<u>\$ 693</u>	<u>\$ (26,060)</u>	<u>\$ 201,190</u>	<u>\$ 19,010</u>

### Requests for Information

This financial report is designed to provide a general overview of the Town of Alta's finances for all those with an interest. Questions regarding any of the information provided in this report or requests for additional information should be addressed to Kate Black, Town Clerk, P.O. Box 8016, Alta, Utah 84092-8016



## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**TOWN OF ALTA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments	\$ 726,920	\$ 394,147	\$ 1,121,067
Accounts Receivable			
Service fees	-	45,070	45,070
Property tax	225,854	-	225,854
Other	9,150	-	9,150
Prepaid Expenses	18,828	-	18,828
Internal balances	142,280	(142,280)	-
Total Current Assets	<u>1,123,032</u>	<u>296,937</u>	<u>1,419,969</u>
<b>Capital assets, net of accumulated depreciation</b>	<u>728,022</u>	<u>1,041,273</u>	<u>1,769,295</u>
<b>Total Assets</b>	<u>1,851,054</u>	<u>1,338,210</u>	<u>3,189,264</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	14,042	867	14,909
Wages and payroll taxes payable	20,257	-	20,257
Deposits	8,000	-	8,000
Deferred revenue - property tax	225,854	-	225,854
Revenue bonds	-	12,000	12,000
Total Current Liabilities	<u>268,153</u>	<u>12,867</u>	<u>281,020</u>
<b>Long-Term Liabilities</b>			
Post employment benefits	26,387	-	26,387
Revenue bonds, net of current portion	-	144,000	144,000
Total Long-Term Liabilities	<u>26,387</u>	<u>144,000</u>	<u>170,387</u>
<b>Total Liabilities</b>	<u>294,540</u>	<u>156,867</u>	<u>451,407</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	728,022	885,273	1,613,295
Restricted for:			
Roads	49,367	-	49,367
Parks	18,243	-	18,243
Unrestricted	760,882	296,070	1,056,952
<b>Total Net Assets</b>	<u>\$ 1,556,514</u>	<u>\$ 1,181,343</u>	<u>\$ 2,737,857</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF ALTA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005**

The accompanying notes are an integral part of these financial statements.

Function/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Legislative	\$ 3,675	\$ -	\$ -	\$ -	\$ (3,675)	\$ -	\$ (3,675)
Municipal building	24,585	13,789	-	-	(10,796)	-	(10,796)
Economic development	94,142	-	-	-	(94,142)	-	(94,142)
Judicial court	9,115	10,809	-	-	1,694	-	1,694
Administration	305,981	29,316	24,633	-	(252,032)	-	(252,032)
Non-departmental	17,938	-	-	-	(17,938)	-	(17,938)
Planning and zoning	43,216	200	19,563	-	(23,453)	-	(23,453)
Police department	492,563	28,379	19,055	-	(445,129)	-	(445,129)
Post Office	22,739	-	14,000	-	(8,739)	-	(8,739)
Fire department	106,249	1,303	-	-	(104,946)	-	(104,946)
Building inspection	29,324	23,006	-	-	(6,318)	-	(6,318)
Streets	4,957	-	14,087	-	9,130	-	9,130
Recycling	15,535	-	1,100	-	(14,435)	-	(14,435)
Parks	16,758	-	518	-	(16,240)	-	(16,240)
Library and community center	7,470	100	247	-	(7,123)	-	(7,123)
Community development	15,449	-	20,785	-	5,336	-	5,336
Homeland security	65,085	-	-	121,408	56,323	-	56,323
Total governmental activities	1,274,781	106,902	113,988	121,408	(932,483)	-	(932,483)
Business-type activities:							
Water	85,689	103,270	5,556	22	-	23,159	23,159
Sewer	59,739	72,784	-	-	-	13,045	13,045
Total business-type activities	145,428	176,054	5,556	22	-	36,204	36,204
Total primary government	\$ 1,420,209	\$ 282,956	\$ 119,544	\$ 121,430	(932,483)	36,204	(896,279)
General revenues:							
Property taxes					242,848	-	242,848
General sales and use tax					849,498	-	849,498
Energy sales and use					35,645	-	35,645
Telephone use tax					9,846	-	9,846
Investment earnings					7,169	9,195	16,364
Total general revenues					1,145,006	9,195	1,154,201
Change in net assets					212,523	45,399	257,922
Net assets - beginning					1,343,991	1,135,944	2,479,935
Net assets - ending					\$ 1,556,514	\$ 1,181,343	\$ 2,737,857

The accompanying notes are an integral part of these financial statements.

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**TOWN OF ALTA  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2005**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and Investments	\$ 726,920
Accounts Receivable	
Due from other funds	142,280
Accounts receivable - property tax	225,854
Account receivable - other	1,150
Accounts receivable - state grants	8,000
Prepaid Expenses	18,828
<b>Total Assets</b>	<b>\$ 1,123,032</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 14,042
Wages and payroll taxes payable	20,257
Deposits	8,000
Deferred revenue - property tax	225,854
<b>Total Liabilities</b>	<b>268,153</b>
<b>FUND BALANCES</b>	
Reserved funds	284,735
Unreserved, undesignated funds	570,144
<b>Total Fund Balances</b>	<b>854,879</b>
<b>Total Liabilities and Funds Balances</b>	<b>\$ 1,123,032</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF ALTA**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

Total Fund Balances - Governmental Fund	\$ 854,879
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental fund.	728,022
Long-term liabilities, including notes payable, capital leases capital leases payable and compensated absences, are not due and payable in the current period and therefore, are not reported in the governmental fund.	(26,387)
Total Net Assets - Governmental Activities	<u>\$ 1,556,514</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF ALTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>General Fund</b>
<b>Revenues</b>	
Taxes	\$ 1,137,837
Licenses and permits	42,374
Intergovernmental	189,335
Charges for services	16,089
Fines and forfeitures	10,809
Miscellaneous	102,964
<b>Total Revenues</b>	<b>1,499,408</b>
<b>Expenditures</b>	
Legislative	3,675
Municipal building	10,492
Economic development	97,580
Judicial court	9,115
Administration	301,045
Non-departmental	17,938
Planning and zoning	42,638
Police department	481,326
Post Office	22,396
Fire department	98,152
Building inspection	29,324
Streets	4,957
Recycling	15,535
Parks	16,758
Library and community center	5,751
Community development	15,449
Homeland security	115,887
<b>Total Expenditures</b>	<b>1,288,018</b>
<b>Revenues Over Expenditures</b>	<b>211,390</b>
<b>Other Financing Sources</b>	
Proceeds from sale of capital assets	1,303
<b>Net Change in Fund Balance</b>	<b>212,693</b>
<b>Fund Balance - Beginning of Year</b>	<b>642,186</b>
<b>Fund Balance - End of Year</b>	<b>\$ 854,879</b>

The accompanying notes are an integral part of these financial statements.



**TOWN OF ALTA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

Net Change in Fund Balances - Governmental Fund	\$ 212,693
Amounts reported for governmental activities in the statement of activities are different because:	
The governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital purchases during the current period.	
	6,434
The long-term portion of the liability for compensated absences is not recorded at the fund level but is reported in the statement of net assets. This is the current year change in the liability, reported as an expense in the statement of activities.	
	(1,207)
Repayment of debt is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net assets. This amount includes debt service principal retirements made during the year.	
	8,010
The governmental fund reports revenue that was reported in last year's activity statement and, therefore, cannot be reported in this year's activity statement.	
	(13,407)
Change in Net Assets of Governmental Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 212,523</div>

The accompanying notes are an integral part of these financial statements.

**PROPRIETARY FUND FINANCIAL STATEMENTS**

**TOWN OF ALTA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2005**

	<b>Sewer Enterprise Fund</b>	<b>Water Enterprise Fund</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 255,306	\$ 138,841	\$ 394,147
Accounts receivable	16,297	28,773	45,070
<b>Total Current Assets</b>	<u>271,603</u>	<u>167,614</u>	<u>439,217</u>
<b>Capital Assets</b>			
Sewer system	703,772	-	703,772
Water system	-	1,102,259	1,102,259
Other machinery and equipment	-	21,370	21,370
Automobiles and trucks	15,133	5,691	20,824
Accumulated depreciation	<u>(371,958)</u>	<u>(434,994)</u>	<u>(806,952)</u>
<b>Net Capital Assets</b>	<u>346,947</u>	<u>694,326</u>	<u>1,041,273</u>
<b>Total Assets</b>	<u>618,550</u>	<u>861,940</u>	<u>1,480,490</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	50	817	867
Due to other funds	6,800	135,480	142,280
Current portion of revenue bonds payable	<u>-</u>	<u>12,000</u>	<u>12,000</u>
<b>Total Current Liabilities</b>	<u>6,850</u>	<u>148,297</u>	<u>155,147</u>
<b>Long-Term Liabilities</b>			
Revenue bonds (net of current portion)	<u>-</u>	<u>144,000</u>	<u>144,000</u>
<b>Total Liabilities</b>	<u>6,850</u>	<u>292,297</u>	<u>299,147</u>
<b>NET ASSETS</b>			
Invested in capital assets - net of related debt	346,947	538,326	885,273
Unrestricted	<u>264,753</u>	<u>31,317</u>	<u>296,070</u>
<b>Total Net Assets</b>	<u>\$ 611,700</u>	<u>\$ 569,643</u>	<u>\$ 1,181,343</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF ALTA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2005**

	<b>Sewer Enterprise Fund</b>	<b>Water Enterprise Fund</b>	<b>Total</b>
<b>Operating Revenues</b>			
Service fees	\$ 72,784	\$ 103,270	\$ 176,054
<b>Operating Expenses</b>			
Sewage disposal	40,527	-	40,527
Water costs	-	5,856	5,856
Depreciation	16,211	31,065	47,276
Personnel services	-	4,171	4,171
Materials, supplies and services	3,001	39,557	42,558
<b>Total Operating Expenses</b>	59,739	80,649	140,388
<b>Operating Income</b>	13,045	22,621	35,666
<b>Non-Operating Revenue (Expense)</b>			
Grant	-	22	22
Donations	-	5,556	5,556
Interest revenue	5,905	3,290	9,195
Interest expense	-	(5,040)	(5,040)
<b>Net Non-Operating Revenue</b>	5,905	3,828	9,733
<b>Change in Net Assets</b>	18,950	26,449	45,399
<b>Total Net Assets - Beginning of Year</b>	592,750	543,194	1,135,944
<b>Total Net Assets - Ending of Year</b>	\$ 611,700	\$ 569,643	\$ 1,181,343

The accompanying notes are an integral part of these financial statements.

**TOWN OF ALTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2005**

	<b>Sewer Enterprise Fund</b>	<b>Water Enterprise Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 73,304	\$ 101,148	\$ 174,452
Payments to suppliers	(43,507)	(52,979)	(96,486)
Payments to employees	-	(4,171)	(4,171)
<b>Net cash from operating activities</b>	<u>29,797</u>	<u>43,998</u>	<u>73,795</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Donations	-	22	22
<b>Cash Flows From Capital and Related Financing Activities</b>			
Grants	-	5,556	5,556
Acquisition of capital assets	-	(27,769)	(27,769)
Principal paid on revenue bond maturities	-	(12,000)	(12,000)
Interest paid	-	(5,040)	(5,040)
<b>Net cash from capital and related financing activities</b>	<u>-</u>	<u>(39,253)</u>	<u>(39,253)</u>
<b>Cash Flow From Investing Activities</b>			
Interest on investments	<u>5,905</u>	<u>3,290</u>	<u>9,195</u>
<b>Net Increase in Cash</b>	35,702	8,057	43,759
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>219,604</u>	<u>130,784</u>	<u>350,388</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 255,306</u></u>	<u><u>\$ 138,841</u></u>	<u><u>\$ 394,147</u></u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF ALTA**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2005**

	<b>Sewer Enterprise Fund</b>	<b>Water Enterprise Fund</b>	<b>Total</b>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities:</b>			
Operating income	\$ 13,045	\$ 22,621	\$ 35,666
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	16,211	31,065	47,276
Change in assets and liabilities:			
Service fees receivable	520	(2,122)	(1,602)
Accounts payable	21	(7,566)	(7,545)
<b>Net cash from operating activities</b>	<u><u>\$ 29,797</u></u>	<u><u>\$ 43,998</u></u>	<u><u>\$ 73,795</u></u>

The accompanying notes are an integral part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF ALTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Alta, Utah (the “Town”) was incorporated in August 1970 under the provisions of the State of Utah. The Town operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, water, sewer, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth the Governmental Accounting Standards Board’s (GASB) Statement No. 14 which include the following:

- the organization is legally separate (can sue or be sued in its own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization’s board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is fiscal dependency on the Town by the organization

Based on these criteria, there are no entities that are considered to be component units of the Town that should be included in these financial statements.

**B. Financial Statement Presentation**

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements and Management’s Discussions and Analysis for State and Local Governments. Certain of the significant changes in the Statements include the following:

- The financial statements include the following:

A Management’s Discussion and Analysis (MD&A) providing an analysis of the Town’s overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of the Town’s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Town did not elect to early implement the provisions of Statement No. 34. The year ending June 30, 2004 was the first year the Town was required to implement Statement No. 34 as well as other new standards related to note disclosure, non-exchange transactions, and certain liabilities and expenditures.



## ***Basis of Presentation***

### **Government-wide Financial Statements**

The government-wide statements, i.e. the statement of net assets and the statement of activities, report information on all of the activities of the Town. The Town does not have any fiduciary activities. For the most part, the effect of the interfund activity has been eliminated from these statements. Interfund receivables and payables have been eliminated from the government-wide Statement of Net Assets except for those amounts due between governmental and business-type activities. Such amounts are reported at the net amount as “internal balances” and offset each other to result in a zero balance in the total column. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods or services.

The government-wide statement of net assets presents information on all of the Town’s assets and liabilities, and the difference between the two is reported as net assets. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that can be clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or others who purchase, use, or directly benefit from the services or goods provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Indirect costs in the governmental activities that are not associated directly with a function or program in the Town are included in the general governmental activities in the entity-wide statements.

### **Fund Financial Statements**

A fund is a separate accounting entity with a self-balancing set of accounts which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Town’s funds are organized into two major categories: governmental and proprietary. Separate financial statements are provided for each of these categories. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. A fund is considered major if it is the primary operating (general) fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

As per the above criteria, the Town’s General, Water, and Sewer funds are major funds. The Town has no non-major funds.

The Town's financial operations are accounted for in the following funds:

### **Governmental Fund Types**

General Fund – The general fund is the primary fund of the Town. This fund is established to account for resources devoted to financing the general services that the Town performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

### **Proprietary Fund Types**

Enterprise Funds – These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Town's enterprise funds consist of the Water and Sewer Funds.

### **C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus refers to the types of assets that appear on the statement of net assets and changes to those assets that appear on the statement of activities. The current financial resources measurement focus reports only current assets and current liabilities on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in these assets. The economic resources measurement focus shows total assets and liabilities on the statement of net assets and changes in net assets on the statement of activities. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The government-wide financial statements and the fund financial statements for proprietary and fiduciary funds are accounted for using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred or the economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Proprietary funds separate operating and non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing or delivering goods in connection with the fund's normal ongoing operations. The principal operating revenues of the Town's proprietary funds are charges to customers for goods and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All other revenues or expenses are recorded as non-operating.

These funds account for Town activities that are similar to business operations in the private sector or where the reporting focus is on determining net income, financial position, and changes in financial position (Economic resources measurement focus). Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which GASB prevails. The funds included in this category are Enterprise Funds.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers revenues to be available when they are collectible within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred. Expenditures related to principal and interest on general long-term debt that has not matured, compensated absences, and claims and judgments are recorded only when payment is due.

#### **D. Reconciliation of Government-wide and Fund Financial Statements**

Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between the asset, liabilities, revenues and expense/expenditures reported on the fund financial statements and government-wide financial statements. For example, many long-term assets and liabilities are excluded from the fund balance sheet but are included in the entity-wide financial statements. As a result there must be a reconciliation between the two statements to explain the differences. A reconciliation is included as part of the fund financial statements (see pages 16 and 18).

#### **E. Cash and Investments**

The Town investments in the State Treasurer’s Investment Pool (an external investment pool) are valued at fair value (based on the corresponding liability to pool participants). The Town adopted GASB Statement No. 40, “Deposits and Investment Risk Disclosures,” during the year ended June 30, 2005. See Note 2 for further discussion regarding the Town’s policies regarding cash deposits and investments.

#### **F. Property Taxes - Revenue**

Property taxes are collected by the county treasurer and remitted to the Town shortly after collection. The county is required to levy the proposed tax by June 15. The county treasurer mails the property tax notice at least 10 days before August 1, and the taxes are due by November 30. If after five years (May of the fifth year) delinquent taxes have not been paid, the county advertises and sells the property at a tax sale.

#### **G. Sales and Related Taxes - Revenue**

Sales and related taxes constitute the majority of revenues received by the Town. In turn, sales and related taxes generated by the local businesses are dependent on the winter snow levels.

#### **H. Interfund Receivables and Payable**

Interfund receivables and payables represent transactions incurred within the fund for other funds. These transactions are in the form of receipts of revenue, payments of expenses, and operating transfers to and from other funds. These accounts are expected to be eliminated in the normal course of operations. As a general rule, the effect of the interfund activity has been eliminated from the government-wide financial statements.

#### **I. Budgetary Basis**

Budgets are prepared by the Town on the modified accrual basis of accounting, the same basis which is used for financial reporting. The budget presented was first adopted by the Town on June 17, 2004. The Council held a public meeting to officially amend the budget on June 16, 2005. Appropriations may not legally be made in excess of budgeted amounts by department. For the fiscal year ended June 30, 2005, expenses exceeded the budget in two departments.

## **J. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is insured against these occurrences through commercial insurance. The Town pays an annual premium for its insurance coverage which is accounted for in the General Fund.

### **NOTE 2—CASH DEPOSITS AND INVESTMENTS**

Cash and cash equivalents consists of cash and short-term investments with an original maturity of three months or less. Cash, depending on source of receipts, is pooled, except when legal requirements dictate the use of separate accounts.

**Cash Deposits** – At year end, the carrying amount of the Town’s book cash balance was \$73,913 and the bank balance was \$117,539. The entire bank balance was covered by federal depository insurance. No deposits are collateralized.

**Deposit Custodial Credit Risk** – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The State of Utah does not require collateral on deposits.

**Investments** – The Town’s deposits and investment policy follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Chapter 7) in handling its depository and temporary investing transactions. This law requires the depositing of Town funds in a “qualified depository.” The Act defines a “qualified depository” as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the Town and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers. Allowable investments under the Act include:

1. Negotiable or nonnegotiable deposits of qualified depositories,
2. Repurchase agreements with qualified depositories or primary reporting dealers,
3. Commercial paper which is rated P-1 by Moody’s Investor Services or A-1 by Standard and Poors if the remaining term to maturity is 180 days or less,
4. Bankers’ acceptances that are eligible for discount at a federal reserve bank and which have a remaining term of 180 days or less,
5. Obligations of the United States Treasury, including bills, notes and bonds,
6. Obligations issued by or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Farm Credit banks, Federal Home Loan banks, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporations, or Student Loan Marketing Association.
7. Shares or certificates in any open-end management investment company registered with the Securities and Exchange under the Investment Company Act of 1940, the portfolio of which is restricted by law or agreement to investments in which public funds may be invested directly.

A State Money Management Council was created under the State Money Management Act consisting of five individuals appointed by the Governor and qualified by training and experience in the fields of investing and finance. In performing its functions and responsibilities, the council provides a measure of depository protection.

The council issues a list of qualified depositories to public treasurer's quarterly, and monitors the maximum amount of public funds each depository is eligible to hold in accordance with the law and the rules of the council.

State law and council rules govern the finance reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, the public treasurers are notified immediately.

The Town has invested the majority of its temporarily idle funds (totaling \$1,047,153 as of June 30, 2005) with the Utah Public Treasurer's Investment Fund (PTIF). The Utah State Treasurer's Office operates the PTIF which is invested in accordance with the State Money Management Act. The State Money Management Council provides regulatory oversight for the PTIF.

The investments with the State bore interest at 3.18% at June 30, 2005. The carrying amount is materially equal to fair value. All securities comprising the PTIF comply with strict investment criteria required by the Utah Money Management Act. All practices of the Fund are under the monthly scrutiny of the Utah Money Management Act. The Utah State Auditor audits the Fund each year. The degree of risk of the fund depends upon the underlying portfolio. Parties interested in learning what specific investments comprise the State Treasurer's Fund may contact the Utah State Treasurer's Office.

**Investment Interest Rate Risk** – The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Summary** – The above described cash deposits and investments are summarized and presented in the financial statements at fair value in accordance with the following analysis:

<b>Cash and Cash Equivalents</b>	
Cash	\$ 73,913
Utah Public Treasurer's Investment Fund	1,047,154
Total (fair value)	\$ 1,121,067

### **NOTE 3—CAPITAL ASSETS**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

In the government-wide financial statements and in the fund financial statements for proprietary funds, capital assets are treated as capital assets. Capital assets include property, plant, equipment and infrastructure assets, e.g. roads, bridges, curbs, and gutters, streets and sidewalks, drainage systems and lighting systems. The Town defines capital assets as assets with an initial, individual cost of more than \$5,000. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. The GASB Statement No. 34 requires capitalization of infrastructure, but permits an optional four-year delay for implementation of the infrastructure capitalization. The implementation of this portion of GASB No. 34 was delayed for infrastructure constructed prior to June 30, 2003. There were no current year additions to infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed using the straight-line method based on useful lives as follows:

<u>Item</u>	<u>Years</u>
Building and other improvements	7 – 30 years
Machinery and equipment	5 – 25 years
Autos and trucks	5 – 20 years
Sewer system	10 – 50 years
Water system	10 – 50 years

The following two tables summarize the changes in capital assets for governmental and business-type activities during the year ended June 30, 2005:

	<b>Balance June 30, 2004</b>	<b>Additions</b>	<b>Transfers or Deletions</b>	<b>Balance June 30, 2005</b>
<b>Governmental activities</b>				
Capital assets being depreciated				
Buildings and other improvements	\$ 925,135	\$ 5,529	\$ (20,281)	\$ 910,383
Machinery and equipment	214,621	72,489	(19,107)	268,003
Autos and trucks	228,513	9,927	-	238,440
Total capital assets being depreciated	1,368,269	87,945	(39,388)	1,416,826
Less accumulated depreciation for:				
Buildings and other improvements	(377,610)	(27,017)	20,281	\$ (384,346)
Machinery and equipment	(97,054)	(30,956)	19,107	(108,903)
Autos and trucks	(172,016)	(23,539)	-	(195,555)
Total accumulated depreciation	(646,680)	(81,512)	39,388	(688,804)
Governmental activities capital assets, net	<u>\$ 721,589</u>	<u>\$ 6,433</u>	<u>\$ -</u>	<u>\$ 728,022</u>

	<b>Balance June 30, 2004</b>	<b>Additions</b>	<b>Transfers or Deletions</b>	<b>Balance June 30, 2005</b>
<b>Business-type activities</b>				
Capital assets being depreciated				
Autos and trucks	\$ 20,824	\$ -	\$ -	\$ 20,824
Other machinery and equipment	-	21,370	-	21,370
Water system	1,095,860	6,399	-	1,102,259
Sewer system	703,772	-	-	703,772
Total capital assets being depreciated	1,820,456	27,769	-	1,848,225
Less accumulated depreciation for:				
Autos and trucks	(20,825)	-	-	(20,825)
Other machinery and equipment	-	(2,849)	-	(2,849)
Water system	(398,238)	(28,216)	-	(426,454)
Sewer system	(340,613)	(16,211)	-	(356,824)
Total accumulated depreciation	(759,676)	(47,276)	-	(806,952)
Business-type activities capital assets, net	<u>\$1,060,780</u>	<u>\$ (19,507)</u>	<u>\$ -</u>	<u>\$1,041,273</u>

Depreciation expense was charged to functions/programs of the Town as follows:

	<b>Depreciation Expense</b>
<b>Governmental activities:</b>	
Municipal building	\$ 14,093
Administration	4,079
Economic development	358
Planning and zoning	578
Police department	31,625
Post office	1,264
Fire department	10,862
Library and community center	2,640
Homeland security	16,013
Total depreciation expense - governmental activities	<u>\$ 81,512</u>
<b>Business-type activities:</b>	
Sewer	\$ 16,211
Water	31,065
Total depreciation expense - business-type activities	<u>\$ 47,276</u>

#### NOTE 4—OBLIGATIONS PAYABLE

A summary of obligations payable and the current year's activity follows:

	<b>Balance June 30, 2004</b>	<b>New Debt</b>	<b>Retirements</b>	<b>Balance June 30, 2005</b>	<b>Due Within One Year</b>
<b>Governmental activities</b>					
Post employment benefits	\$ 25,180	\$ 1,207	\$ -	\$ 26,387	\$ -
Capital leases payable	8,010	-	(8,010)	-	-
<b>Total governmental activities</b>	<u>33,190</u>	<u>1,207</u>	<u>(8,010)</u>	<u>26,387</u>	<u>-</u>
<b>Business-type activities</b>					
Water Revenue Bonds, Series 1995	168,000	-	(12,000)	156,000	12,000
<b>Total obligations</b>	<u>\$ 201,190</u>	<u>\$ 1,207</u>	<u>\$ (20,010)</u>	<u>\$ 182,387</u>	<u>\$ 12,000</u>

**Post Employment Benefits** — Post employment benefits are available for certain appointed officials who leave employment voluntarily and are in good standing at the time of departure. He or she shall receive a sum equivalent to wages and the cash value of benefits as follows: for each one year of employment, one week of current salary and cash value of benefits, up to a maximum of ten weeks for ten years of employment. For involuntary termination the benefits may accumulate up to a maximum of twenty-six weeks. These involuntary termination amounts have not been accrued in these financial statements.

**Revenue Bonds** — During August 1995, the Town sold water revenue bonds for the construction of drinking water improvements. Water revenue bonds are recorded in the Water Enterprise Fund and require principal payments of \$11,000 to \$16,000 to be made annually each March until March 1, 2016, from revenues generated from the Water operations. Interest is charged at a rate of 3%.



The combined aggregate amount of maturities for long-term borrowings for each of the next five years is as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$ 12,000	\$ 4,680	\$ 16,680
2007	13,000	4,320	17,320
2008	13,000	3,930	16,930
2009	13,000	3,540	16,540
2010	14,000	3,150	17,150
2011-2015	75,000	9,270	84,270
2016	16,000	480	16,480
	<u>\$ 156,000</u>	<u>\$ 29,370</u>	<u>\$ 185,370</u>

#### **NOTE 5—RESERVED FUNDS**

Town revenues fluctuate based on sales tax collection. The Town received special funds for park improvements and has established a reserve for these funds. Because the Town is located in a ski resort area, weather conditions can significantly affect the number of tourists visiting the area and thus have a significant effect on sales tax collections. The Town Council has decided to reserve a portion of its general fund balance in this and future years until a maximum of \$200,000 has been placed in a reserve for weather and other emergencies. Other items in the General Fund that are reserved by the Town are for sewer and water improvements which are estimated to be needed in future years and also amounts received and not yet expended for C-Road work.

The changes in reserved funds of the General Fund balance are as follows:

	<b>Balance June 30, 2004</b>	<b>Additions</b>	<b>Expenditures</b>	<b>Balance June 30, 2005</b>
C-Road funds	\$ 49,435	\$ 16,435	\$ (16,503)	\$ 49,367
Sewer improvements	91,234	22,978	-	114,212
Water improvements	8,046	198	-	8,244
Weather and emergency	34,088	30,581	-	64,669
Park fund	32,225	245	(14,227)	18,243
Post employment benefits	-	30,000	-	30,000
	<u>\$ 215,028</u>	<u>\$ 100,437</u>	<u>\$ (30,730)</u>	<u>\$ 284,735</u>

#### **NOTE 6—CONTINGENCIES**

The Town is involved in a lawsuit and other legal matters arising in the ordinary course of business. The matters are being handled by insurance legal counsel and others, and liability, if any, on the part of the Town is not expected to have a material effect on the financial statements.

## **REQUIRED SUPPLEMENTARY DATA**

**TOWN OF ALTA  
BUDGETARY COMPARISON  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
<b>Revenues</b>				
Taxes	\$ 964,103	\$ 1,089,934	\$ 1,137,837	\$ 47,903
Licenses and permits	22,377	45,842	42,374	(3,468)
Intergovernmental	86,407	212,055	189,335	(22,720)
Charges for services	5,600	22,632	16,089	(6,543)
Fines and forfeitures	8,500	9,700	10,809	1,109
Miscellaneous	80,907	91,117	102,964	11,847
<b>Total Revenues</b>	<b>1,167,894</b>	<b>1,471,280</b>	<b>1,499,408</b>	<b>28,128</b>
<b>Expenditures</b>				
Legislative	18,500	6,500	3,675	2,825
Municipal building	9,003	11,300	10,492	808
Economic development	117,400	133,000	97,580	35,420
Judicial court	9,739	11,239	9,115	2,124
Administration	285,775	311,800	301,045	10,755
Non-departmental	16,500	18,000	17,938	62
Planning and zoning	38,100	43,600	42,638	962
Police department	452,985	492,674	481,326	11,348
Post Office	23,732	25,850	22,396	3,454
Fire department	92,944	98,300	98,152	148
Building Inspection	17,075	24,434	29,324	(4,890)
Streets	18,000	21,000	4,957	16,043
Recycling	12,900	15,100	15,535	(435)
Parks	23,070	23,070	16,758	6,312
Library and community center	5,075	8,075	5,751	2,324
Community development	17,000	20,828	15,449	5,379
Homeland security	-	122,632	115,887	6,745
<b>Total Expenditures</b>	<b>1,157,798</b>	<b>1,387,402</b>	<b>1,288,018</b>	<b>99,384</b>
<b>Revenues Over Expenditures</b>	<b>10,096</b>	<b>83,878</b>	<b>211,390</b>	<b>127,512</b>
<b>Other Financing Sources</b>				
Proceeds from sale of capital assets	-	15,000	1,303	(13,697)
<b>Net Change in Fund Balances</b>	<b>10,096</b>	<b>98,878</b>	<b>212,693</b>	<b>113,815</b>
<b>Fund Balance - Beginning of Year</b>	<b>642,186</b>	<b>642,186</b>	<b>642,186</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ 652,282</b>	<b>\$ 741,064</b>	<b>\$ 854,879</b>	<b>\$ 113,815</b>

## **SUPPLEMENTARY INFORMATION**

**TOWN OF ALTA  
SUPPLEMENTAL SCHEDULE TO  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**Revenues**

**Taxes**

Property	\$ 242,848
General and sales	849,498
Energy sales and use tax	35,645
Telephone use tax	9,846
	<u>\$ 1,137,837</u>

**Business Licenses and Permits**

Business licenses and permits	\$ 8,622
Liquor licenses	3,400
Building permits	25,562
Animal licenses	4,790
	<u>\$ 42,374</u>

**Intergovernmental**

Community Development	\$ 20,785
Alta Central - SL County	13,407
Class "C" road funds	14,087
State Liquor funds	2,348
Wasatch National Forest	3,300
Post Office contract	14,000
State grants	121,408
	<u>\$ 189,335</u>

**Charges for Services**

Plan check fees	\$ 13,789
Planning commission review fees	200
Impact fees	2,000
Community center use fees	100
	<u>\$ 16,089</u>

**Fines and Forfeitures**

Court fines	\$ 10,809
	<u>\$ 10,809</u>

**Miscellaneous**

Interest earnings	\$ 7,169
Sundry revenues	22,919
Alta Central - Snowbird	26,815
Donations	46,061
	<u>\$ 102,964</u>

**TOWN OF ALTA  
SUPPLEMENTAL SCHEDULE TO  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**Expenditures**

**Legislative**

Materials, supplies, services	\$ 3,675
	<u>\$ 3,675</u>

**Municipal Building**

Personnel services	\$ 2,137
Materials, supplies, services	8,355
	<u>\$ 10,492</u>

**Economic Development**

Personnel services	\$ 39,701
Materials, supplies, services	54,083
Capital outlay	3,796
	<u>\$ 97,580</u>

**Judicial Court**

Personnel services	\$ 3,373
Materials, supplies, services	5,742
	<u>\$ 9,115</u>

**Administration**

Personnel services	\$ 230,176
Materials, supplies, services	70,869
	<u>\$ 301,045</u>

**Non-Departmental**

Materials, supplies, services	\$ 17,938
	<u>\$ 17,938</u>

**Planning and Zoning**

Materials, supplies, services	\$ 42,638
	<u>\$ 42,638</u>

**Police Department**

Personnel services	\$ 316,698
Materials, supplies, services	143,455
Lease payments	8,425
Capital outlay	12,748
	<u>\$ 481,326</u>

**TOWN OF ALTA  
SUPPLEMENTAL SCHEDULE TO  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**Post Office**

Personnel services	\$ 14,981
Materials, supplies, services	7,415
	<u>\$ 22,396</u>

**Fire Department**

Materials, supplies, services	95,387
Capital outlay	2,765
	<u>\$ 98,152</u>

**Building Inspection**

Personnel services	\$ 8,888
Materials, supplies, services	20,436
	<u>\$ 29,324</u>

**Streets**

Materials, supplies, services	\$ 4,957
	<u>\$ 4,957</u>

**Recycling**

Personnel services	\$ 8,999
Materials, supplies, services	6,536
	<u>\$ 15,535</u>

**Parks**

Personnel services	\$ 11,757
Materials, supplies, services	5,001
	<u>\$ 16,758</u>

**Library and Community Center**

Materials, supplies, services	\$ 5,751
	<u>\$ 5,751</u>

**Community Development**

Materials, supplies, services	\$ 15,449
	<u>\$ 15,449</u>

**Homeland Security**

Materials, supplies, services	\$ 49,073
Capital outlay	66,814
	<u>\$ 115,887</u>

# HANSEN, BARNETT & MAXWELL

A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

5 Triad Center, Suite 750  
Salt Lake City, UT 84180-1128  
Phone: (801) 532-2200  
Fax: (801) 532-7944  
www.hbmcpas.com

Registered with the Public Company  
Accounting Oversight Board



## REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH STATE OF UTAH LEGAL REQUIREMENTS APPLICABLE TO AUDITS OF LOCAL GOVERNMENTS IN UTAH

The Honorable Mayor  
and Town Council  
Town of Alta  
Alta, Utah

We have audited the basic financial statements of the Town of Alta, Utah, for the year ended June 30, 2005, and have issued our report thereon dated December 19, 2005. As part of our audit, we have audited the Town of Alta's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. The Town received the following major State assistance programs from the State of Utah:

Class "C" Road Funds (Utah Department of Transportation)  
State Liquor Fund Allotment (State Tax Commission)  
Homeland Security Grant (Utah Department of Public Safety)

Our audit also included test work on the Town's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance  
Truth in Taxation and Property Tax Limitations  
Liquor Law Enforcement  
Justice Courts  
B & C Road Funds  
Other General Compliance Issues  
Uniform Building Code Standards  
Impact Fees and Other Development Fees

The management of the Town of Alta is responsible for the Town's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.



The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the Town of Alta, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.

A handwritten signature in black ink, appearing to read "Hansen, Barnett & Maxwell", written in a cursive style.

**HANSEN, BARNETT & MAXWELL**

Salt Lake City, Utah  
December 19, 2005

**TOWN OF ALTA  
SCHEDULE OF FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**Impact Fees**

**Compliance Requirement**—Each local political subdivision collecting impact fees shall:

- a. establish separate interest bearing ledger accounts for each type of public facility for which an impact fee is collected;
- b. deposit impact fee receipts in the appropriate ledger account;
- c. retain the interest earned on each fund or account in the fund or account; and
- d. at the end of each fiscal year, prepare a report on each fund or account showing:
  - 1) the source and amount of all monies collected, earned, and received by the fund or account; and
  - 2) each expenditure from the fund or account.

This report is a public document and should be available for public inspection during regular office hours.

**Finding**—The Town does not maintain an interest bearing ledger account for the collection of impact fees. The Town does not account for each expenditure of impact fees in separate accounts.

**Management Response**— Little has been received in recent years in the way of impact fees. The Town of Alta will create a separate interest bearing ledger account with the Utah State Treasurer Public Treasurer's Investment Fund, for Impact Fees collected in the course of every fiscal year. A report will be generated to account for all expenditures of Impact Fees on an annual basis and said report will be available to the public for inspection.

**Budgetary Compliance**

**Compliance Requirement**—Officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department or fund. For counties and municipalities State Law requires budget integrity at the department level for the General Fund.

**Finding**—The expenditures incurred exceed the total appropriations in the Building Inspection and Recycling departments.

**Management Response**— The Town of Alta does not receive the bulk of its operating revenue, sales tax, until the months of March, April and May of each fiscal year. We therefore wait to amend our annual budget until June of each year after a public hearing. We will attempt, in the future, to amend our fiscal budget, if necessary, on a periodic basis to make sure departmental expenditures do not exceed appropriations. All amendments are approved by the Alta Town Council after public hearings.

# HANSEN, BARNETT & MAXWELL

A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

5 Triad Center, Suite 750  
Salt Lake City, UT 84180-1128  
Phone: (801) 532-2200  
Fax: (801) 532-7944  
www.hbmcpas.com

Registered with the Public Company  
Accounting Oversight Board



## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor  
and Town Council  
Town of Alta  
Alta, Utah

We have audited the financial statements of the Town of Alta, Utah as of and for the year ended June 30, 2005, and have issued our report thereon dated December 19, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Town of Alta's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated December 19, 2005.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Alta's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted other matters involving the compliance and other matters that we have reported to management in a separate letter dated December 19, 2005.

This report is intended solely for the information and use of the Mayor, the Town Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Hansen, Barnett & Maxwell". The signature is fluid and cursive, with the names connected together.

**HANSEN, BARNETT & MAXWELL**

Salt Lake City, Utah  
December 19, 2005